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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISIONFILED
U.S. DISTRICT COURT
NORTHERN DIST. OF TX
FT. WORTH DIVISION

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CLERK OF COURT

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THE ADMINISTRATIVE COMMITTEE
OF THE AMERICAN EXCELSIOR
COMPANY EMPLOYEE STOCK
OWNERSHIP TRUST o/b/o THE
AMERICAN EXCELSIOR COMPANY
EMPLOYEE STOCK OWNERSHIP
TRUST,

Plaintiff,

CIVIL ACTION NO. 4:14-CV-00825-A

vs.

GREATBANC TRUST COMPANY,
PENNANT MANAGEMENT, INC.,
and SALEM TRUST COMPANY,

Defendants.

JOINT STATUS REPORT

Pursuant to the Court's December 8, 2014 order, Plaintiff The Administrative Committee of The American Excelsior Company Employee Stock Ownership Trust o/b/o The American Excelsior Company Employee Stock Ownership Trust ("Plaintiff"), and Defendants GreatBanc Trust Company ("GreatBanc"), Pennant Management, Inc. ("Pennant"), and Salem Trust Company ("Salem") (GreatBanc, Pennant, and Salem collectively referred to herein as "Defendants"), submit this Joint Status Report.

I. Nature of the Case and Contentions of the Parties:

A. Plaintiff's Contentions: Plaintiff contends that each of the Defendants breached its fiduciary duties to Plaintiff, and that Defendants Pennant and Salem were negligent or grossly negligent, by failing to conduct proper due diligence and by advising, allowing, or purportedly allowing Plaintiff to invest funds of an employee stock ownership trust and its employee stock ownership plan in a purportedly essentially risk-free short term investment fund after Defendants were on notice that there were irregularities in the fund and without providing notice of those unresolved investment fund irregularities to the Plaintiff. As a result, Plaintiff has lost approximately 20 percent of its invested funds due to Defendants' wrongful conduct. Plaintiff asserts claims under ERISA, the Investment Advisers Act of 1940, and Texas common law.

B. Defendants' Contentions: Defendants deny that they breached their fiduciary duties to Plaintiff. Defendants Pennant and Salem also contend that Plaintiff's Texas common law claims are preempted by ERISA, and Defendant Pennant contends that Plaintiff does not have a claim under the Investment Advisers Act of 1940 because that act does not provide for a private right of action based on the facts alleged in this case.

II. Any challenge to jurisdiction or venue:

None.

III. Any pending motions:

None.

IV. Any matters which require a conference with the court:

None.

V. Likelihood other parties will be joined, identity of potential parties and an estimate of the time needed for joinder:

A. Plaintiff's Contentions: Plaintiff currently anticipates joining at least the auditor of the short term investment fund through which Plaintiff suffered the losses. Plaintiff plans to conduct discovery seeking to identify the potential responsibility of other individuals, representatives, and entities for the losses sustained. Plaintiff estimates that since discovery will be necessary prior to making joinder determinations, it will need 150 days to join that additional party(ies).

B. Defendants' Contentions: Defendants do not anticipate joining additional parties.

VI. Requested trial date, estimate of length of trial and whether jury has been demanded:

The parties request a trial setting of March 1, 2016 and estimate that trial will last five to seven trial days. Plaintiff demanded a jury trial. Defendants contend that due to ERISA preemption this action must be tried to the Court without a jury.

VII. Report Concerning Settlement Conference:

On December 23, 2014 the parties conducted a face-to-face settlement conference, and the following individuals attended in person, not by telephone or other remote means, and the respective representatives of the parties with the unlimited settlement authority required by the Court's order:

Bill Davidoff – lead counsel for Plaintiff.

Todd Eblen – Chief Financial Officer, American Excelsior Company and representative of the Plaintiff.

Mark Bernstein – lead counsel for Defendants.

Lars Berg – local counsel for Defendants.

Walter Yurkanin – Chief Legal Officer, USF Affiliate Services, Inc., for all Defendants.

Meaningful progress toward settlement was made, and the parties intend to continue with those discussions.

VIII. Discovery Plan Under Rule 26(f)(3):

A. Initial Disclosures pursuant to Fed. R. Civ. P. 26(a)(1)

Initial disclosures required by Rule 26(a)(1) will be made on January 13, 2015.

B. Subjects on which discovery will be needed

Plaintiff: Defendants' alleged due diligence or lack or inadequacy thereof concerning investments made by and into what was to be the essentially risk free Salem short term investment fund. Defendants' discovery and notice of the existence of unresolved irregularities in the investments within the Salem short term investment fund and Defendants' failure to disclose those unresolved investment fund irregularities within the Salem short term investment fund to the Plaintiff before any alleged investment by Plaintiff's trust fund and plan. Defendants' failure to consider alternative investments for the Plaintiff's trust fund and plan. Defendants' failure to diversify the Plaintiff's trust fund and plan into multiple investment vehicles. Defendants' failure to delay the alleged investment of the Plaintiff's trust fund and plan until the Salem short term investment fund irregularities were clarified or resolved. The actions or inactions of the Defendants' auditors, including but not limited to the auditors of Salem and the Salem short term investment fund. Plaintiff's relationship with each of the Defendants. Plaintiff's communications with each of the Defendants. Defendants' communications with each other and with other persons and entities concerning Plaintiff and the Salem short term investment fund, including but not limited to communications with or about the various auditors of Salem and the Salem short term investment fund, First Farmers Financial, LLC ("FFF"), Nikesh Ajay Patel ("Patel"), Timothy Glenn Fisher ("Fisher") and their associated entities, the USDA who purportedly guaranteed the fraudulent loans invested in by Salem and the Salem short term interest fund, the persons or entities who introduced Defendants to Patel and his

associated persons and entities, and other potential parties. The full extent of the losses and plan distribution delays caused by the Defendants' actions. The Defendants' accounting for and charging of attorneys' fees and expenses incurred in seeking to collect assets and funds for the Salem short term investment fund from FFF, Patel, Fisher and their associated entities, as well as the USDA.

Defendants: Plaintiff's decision to invest in the short term investment fund and the process it followed. The cause of the losses in the short term investment fund. Plaintiff's losses and damages. Plaintiff's relationship with each Defendant. Plaintiff's communications with each Defendant. Plaintiff's plans to distribute funds to plan beneficiaries.

C. Issues Relating to Electronically Stored Information

No issues. The parties intend to agree as to the form in which ESI will be produced.

D. Issues Relating to Claims of Privilege or of Protection as Trial-Preparation Material

The parties intend to enter an appropriate confidentiality agreement that covers their own confidential information and that of third parties.

E. Changes or Limitations on Discovery

None.

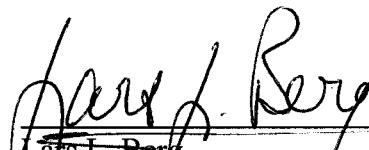
F. Other Orders

None.

IX. Any other matters relevant to the status and disposition of the case:

None.

Respectfully submitted,



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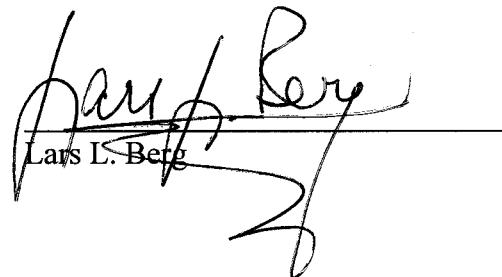
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CERTIFICATE OF SERVICE

I, Lars L. Berg, certify that service of the foregoing *Joint Status Report* has been made on January 7, 2015, by sending copies by email to:

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Lars L. Berg

A handwritten signature in black ink, appearing to read "Lars L. Berg". The signature is fluid and cursive, with a horizontal line drawn through it near the end.